

**OBJECTION DEADLINE: November 24, 2006 at 4:00 pm**  
**HEARING DATE: November 30, 2006 at 10:00 am**

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UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

	:	Chapter 11
	:	
In re:	:	Case Nos. 05-44481 (RDD)
	:	(Jointly Administered)
DELPHI CORPORATION	:	
INC., et al.	:	
	:	
	:	
Debtors.	:	
	:	

**RESPONSE OF AUTOMODULAR ASSEMBLIES INC., TEC-MAR DISTRIBUTION  
SERVICES, INC. AND AUTOMODULAR ASSEMBLIES (OHIO) INC. TO THE  
DEBTOR'S THIRD OMNIBUS OBJECTION TO PROOF OF CLAIM 15108**

Automodular Assemblies Inc., and its wholly-owned subsidiaries Tec-Mar Distribution Services, Inc. and Automodular Assemblies (Ohio) Inc. (collectively, "Automodular"), through its undersigned counsel, submits its Response (the "Response") to the Debtor's Third Omnibus Objection to Proof of Claim filed by Automodular against the estate of Delphi Automotive Systems LLC, Case Nos. 05-44640 (RDD), one of above-captioned debtors ("Delphi" or the "Debtor"). In further support of this Response, Automodular respectfully represents as follows.

**A. Background**

1. On October 8, 2005 (the "Petition Date"), the Debtor filed a voluntary petition for relief

pursuant to Chapter 11 of Title 11 of the United States Code, 11 U.S.C. § 101, *et seq.* with the United States Bankruptcy Court for the Southern District of New York.

2. The Debtor has continued to manage its business and property as a debtor-in-possession pursuant to §§ 1107 and 1108 of the Bankruptcy Code.

### **B. Automodular's Initial Reservation of Setoff Rights**

3. Pursuant to paragraph 18 of the Final DIP Financing Order, dated October 28, 2005, (the "Financing Order") entered in the jointly administered Delphi chapter 11 cases, Automodular has already sought to enforce its setoff rights. A copy of the submission made to counsel to the Debtors and Official Committee of Unsecured creditors, dated April 27, 2006 is attached hereto as Exhibit A. To that end, business representatives of the Debtor have engaged in discussions with business representatives of Automodular to resolve the set-off rights asserted and an electronic spreadsheet setting forth the invoices comprising Automodular's claims have already been made available to the Debtor as part of the negotiations.

### **C. Automodular's Claim Against the Debtor**

4. In an abundance of caution in light of the on going set-off negotiations with Delphi, on July 31, 2006, Automodular timely filed a proof of claim against the estate of Delphi Automotive Systems LLC, Case Nos. 05-44640 (RDD), so as to reserve its rights to any general unsecured claims it may have to the extent it is determined that it cannot enforce its heretofore reserved right to set-off claims under 11 U.S.C. § 553. A copy of the proof of claim, with attachments, is attached hereto as Exhibit B. Further, the claim has been identified by the claims agent in this chapter 11 case as Claim 15108 (see [www.delphidocket.com](http://www.delphidocket.com)).

5. In sum, a review of the Automodular's books and records show that as of Petition Date, the Debtor had accrued \$549,277.73 or (\$645,291.48 (Canadian)) due Automodular (the "Delphi Obligations"). This figure is comprised of outstanding invoices, as well as amounts due under work

orders accruing through the Petition Date and which had yet to be invoiced to the Debtor. The breakdown of the Delphi Obligations are as follows:

\$378,578.25 (Canadian) or \$322,249.11 (US) due Automodular Assemblies Inc.;  
\$93,657.82 (Canadian) or \$79,7022.35 (US) due Tec-Mar Distribution Services; and  
\$173,055.41 (Canadian) or \$147,306.27 (US) due Automodular Assemblies (Ohio) Inc.<sup>1</sup>

6. By a “Notice of Objection to Claim” served as part of the Debtor’s Third Omnibus Objection to Claims, dated October 31, 2006, the Debtor seeks to modify the aggregate claim in the amount of \$549,277.73 and reduce it to \$332,223.12 purportedly as being consistent with debtor’s books and records.

**D. Delphi Has Failed To Include Amounts Owed Tec-Mar Distribution Services, Inc. And Automodular Assemblies (Ohio) Inc.**

7. The Notice of Claim served by the Debtor directs claimants, like Automodular, to which a claim objection has been noticed to [www.delphidocket.com](http://www.delphidocket.com) for review of the supporting exhibits and creditor data.

8. A review of the creditor data available at [www.delphidocket.com](http://www.delphidocket.com), which is generated from Schedule F of the Debtor’s assets and liabilities filed in this chapter 11 case, suggests that Debtor seeks to the reduce the Delphi Obligations to \$332,223.12 consistent solely with the creditor data available for Automodular Assemblies Inc. A printout of the creditor data for Automodular Assemblies Inc. is available at [www.delphidocket.com](http://www.delphidocket.com) and a copy is attached hereto as Exhibit C.

9. However, the Debtor neglected to include the creditor data from its Schedule F for (i) Tec-Mar Distribution Services, Inc. in the amount of \$43,563.80 and (ii) Automodular Assemblies (Ohio) Inc. in the amount of \$129,648.66. Printouts of the creditor data for Tec-Mar Distribution Services, Inc. and Automodular Assemblies (Ohio) Inc. at [www.delphidocket.com](http://www.delphidocket.com) are attached hereto as Exhibit D.

10. Viewed in the aggregate, the table below sets forth the discrepancies in the amounts as scheduled by Delphi and claimed by Automodular.

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<sup>1</sup> The exchange rate used is 1.1748 which was the Bank of Canada rate on October 7, 2005.

**Automodular Delphi Pre-petition Claims**

	<a href="http://www.delphidocket.com">www.delphidocket.com</a>	<b><u>Proof of Claim</u></b>	<b><u>Difference</u></b>
<i>Tec-Mar Distribution Services, Inc.</i>	\$ 43,563.80	\$ 79,722.35	\$ (36,158.55)
<i>Automodular Assemblies Inc.</i>	\$ 332,223.12	\$ 322,249.11	\$ 9,974.01
<i>Automodular Assemblies (Ohio) Inc.</i>	\$ 129,648.66	\$ 147,306.27	\$ (17,657.61)
<b>Totals</b>	<b><u>\$ 505,435.58</u></b>	<b><u>\$ 549,277.73</u></b>	<b><u>\$ (43,842.15)</u></b>

11. As sets forth in the table, after including all the amounts the Debtor has scheduled on account of Autmodular, the amount in dispute on a net basis is \$43,842.15. Further, attached is a schedule prepared by Automodular that attempts to reconcile the discrepancies (the “Reconciliation Schedule”) by setting forth the Automodular invoices and comment on clarification to the amounts sought that apparently have not been captured on Delphi’s books and records. The Reconciliation Schedule is attached hereto at Exhibit E. Automodular submits that once the Debtor complete its review of the Reconciliation Schedule and invoice data in support of the Delphi Obligations, the entire amount set forth in the Proof of Claim filed by Automodular should be allowed in full.

**E. Once Delphi Obligation’s Are Reconciled, Automodular’s Claim Are Entitled To Be Set-off Against the Debtor**

12. As set forth above, Automodular has already reserved its right to set-off its claims against any amount that Delphi asserts are owed the estate. Therefore, once the parties have resolved the discrepancies and come to agreement on fixing the amount of Automodular’s claim, Automodular reserves it right to set-off the allowed claim against any pre-petition claim which may be asserted against it by the Delphi estate.

WHEREFORE, for the reasons set forth the herein, the Debtor's Third Omnibus Objection to Proof of Claim 15108 filed by Automodular against the estate of Delphi Automotive Systems LLC, Case Nos. 05-44640 (RDD) should be overruled.

Dated: New York, New York  
November 22, 2006

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and Automodular Assemblies (Ohio) Inc.

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